

WORKING GROUP 2: CORPORATE RESPONSIBILITY AND ITS CONTRIBUTION TO HUMAN RIGHTS IMPLEMENTATION

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WHAT CAN GOVERNMENTS DO?

1. Ensure **basic national laws** exist in all countries covering employment rights and certain other rights such as protection of mental and physical disabilities.

BUT because law enforcement is weak in many countries:

1. Develop **Incentives** to encourage businesses to apply these laws, include in National Action Plans. Examples include building HR conditions into public procurement and export credit approvals.
2. Active use of **diplomatic networks** of developed countries to improve HR compliance of business and governments at home and abroad.
3. Increasing **minimum wages** without compensatory controls to prevent inflation will not lead to improved living conditions for the poorest workers

WHAT CAN GOVERNMENTS DO?

- Government incentives to encourage business to adopt human rights.
 - Incentives at company-level (large/small suppliers)
 - Incentives in public procurement
 - MNCs
 - Supply chain incentives (Business-to-business)
 - Preferential treatment: “**Naming and Praising**” (soft incentives for SMEs)
 - Credit, export finance, tax benefit, procurement, R&D
 - Incentives for developed and developing nations
 - Collaboration between countries

HOW TO RESOLVE SME ISSUES?

1. Use MNE **supply chain management** to require supplier SMEs to comply with HR standards – top-down approach.
2. Develop **national efforts** to deal with SME issues:
 - Take concepts of CSR and raise awareness on BHR in developing nations
 - Collective actions through small company groupings and alliances to strengthen corporate governance and understand human rights.
 - Encourage SMEs to sign up to the UNGC local networks (example Myanmar).

WHAT SHOULD COMPANIES DO?

1. Conduct both detailed due diligence and HR impact assessments as well as monitoring improvements in gender, diversity and wage differentials.
2. Ensure stakeholder engagement reaches down to those directly impacted by the company's actions.
3. Share HR related experience and best practices in multi-stakeholder groups. Discussions may result in best practices standards.
4. Reporting should include meaningful impacts (quantitative data) and qualitative data.
5. Companies should be encouraged to use a reporting style that emphasizes on challenges and issues in order to engage stakeholder dialogue.
6. Consider value of reporting on HRIAs at local levels.

WHAT ARE THE SUPPLY CHAIN ISSUES?

1. Companies need to apply HR risk based due diligence for suppliers and customers with appropriate internal and external audits.
2. Standardize corporate human rights codes for suppliers covering 80% of requirements applicable to all companies (SMEs and MNCs).
3. Simplified compliance requirements will allow also a harmonized base for social audits.

THANK YOU